

WASHINGTON 25, D.C.

17 February 1950

Dear Mr. Berle:

The study of the American Philips Companies case reveals the fact that the initial action taken therein was prior to the establishment of the present Industrial Employment Review Board, and also prior to the time when its predecessor Board had authority to hear appeals of plant facilities.

By memorandums of the Secretaries of the Army, Navy, and Air Force, in compliance with the request of the Secretary of Defense, the appeal of the American Philips Companies has been referred to the Industrial Employment Review Board. These memorandums authorized the Board to hear the appeal under its existing procedure and criteria, and to submit its findings to the Secretaries of the three Military Departments for approval. The Secretary of Defense also requested the Secretary of the Navy to furnish the Industrial Employment Review Board a statement of the case which will serve as a basis for the hearing. The Industrial Employment Review Board has received from the Secretary of the Navy the statement of the case which is as follows:

**"BASIS FOR WITHHOLDING NAVY CLASSIFIED MATTER FROM THE
AMERICAN PHILIPS COMPANIES**

"The action of the Department of the Navy in withholding clearance from the American Philips Companies to carry out classified work is based on the relations of these Companies to the N.V. Philips Gloeilampenfabrieken of Eindhoven, Holland, or, directly or indirectly, to that concern's affiliates, suppliers, or customers. Certain aspects of these relations are described in the Indenture comprising the Trust Agreement between N.V. Philips, Phillips Bezit, and the Hartford Trust Company which was enclosed with Mr. Berle's memorandum to the Assistant Secretary of the Navy dated 10 May 1949.

"It is the position of the Navy Department that these present relations between American Philips and N.V. Philips -- whether legal, financial, business, administrative, or personnel -- subject American Philips to the control or influence of foreign interests under such circumstances as may jeopardize the security interests of the United States, and accordingly justify the action of the Navy Department in withholding classified matter from the American Philips Companies as a reasonable exercise of the Navy's obligation to safeguard military security."

The suggested date for the hearing of the American Philips Companies appeal is:

Wednesday, 22 March 1950, 10 A.M.

If this date is satisfactory, please confirm. All future correspondence in reference to this matter should be addressed:

Chairman, Industrial Employment Review Board
Room 2-E-832
National Defense Building
Washington 25, D.C.

Sincerely yours,

J. TENNEY MASON
Chairman
Industrial Employment Review Board

Mr. Adolf A. Berle, Jr.
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